

AN EVALUATION OF THE FINANCIAL FACILITIES  
OF VALDOSTA, GEORGIA

Prepared for the  
Valdosta and Lowndes County  
Chamber of Commerce  
Valdosta, Georgia

by

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## Summary

The financial institutions serving the consumer and commercial needs of Lowndes County are sound and progressive. The presence in Valdosta of a branch of the largest bank in the state has occasionally permitted loans to exceed deposits in that particular branch.

Funds have always been available to finance construction of houses and commercial and industrial buildings. Two local industrial development corporations whose purpose is to finance the construction of buildings for lease to industry have to date financed 140,600 sq. ft. of manufacturing space. In addition, individuals and groups in the area stand ready to furnish the same services.

Not only have sufficient funds been available for all types of investment, but the financial institutions in Valdosta have been operating on a sound basis. Comparisons between the Valdosta banks, Georgia banks, and U. S. banks show Valdosta operations to be well above average in growth over the past several years. This growth proves the ability of the local banks to expand to meet the community's growing needs, as they have done during Valdosta and Lowndes County's recent rapid growth. During the period between 1953 and 1957, Valdosta's loans and deposits both increased by one third. It might be pointed out that for the United States as a whole deposits increased only 14 per cent.

It would be a heavy financial demand indeed that would find Valdosta unable to fulfill its requirements.

## TYPES OF FINANCIAL INSTITUTIONS IN LOWNDES COUNTY

The financial community of Valdosta and Lowndes, Georgia is served by three major types of financial institutions. These major types are generally classified as: (1) deposit or savings and lending institutions, such as commercial banks and savings and loan associations; (2) credit capital institutions, which include commercial finance companies, factors and re-discounters, and credit unions; and (3) other lending institutions, among which are insurance companies, production credit associations, and industrial development credit corporations. Each type of financial institution has its place and purpose within the broad scope of financial activity.

### Commercial Banking Facilities

Valdosta, the population center of Lowndes County, is naturally the center of financial activity within the area under study. Within the corporate limits of the city are three commercial banks: one state chartered commercial bank, one national bank, and one branch of a state-wide national bank. Just a few miles to the north of Valdosta in the community of Hahira are two additional state chartered commercial banks. All five of these chartered banks are insured by the Federal Deposit Insurance Corporation. In addition to these state and federally chartered commercial banks, there are two private banking institutions: one within the corporate limits of Valdosta and the other a few miles to the southeast of Valdosta in the community of Lake Park.

These seven commercial banking facilities offer deposit and loan services within easy reach of all residents of Lowndes County. In fact, within the distance of just a few minutes drive, most county residents have a choice of several banking institutions.

Table 1 shows the results of a survey made among the chartered banking institutions of Valdosta and Lowndes County. The survey was designed to indicate the degree to which Lowndes County banks provided commonly offered banking services. Practically all of the modern service innovations have been instituted to some degree by the banking institutions of this area. It is apparent that from a service standpoint banking facilities are conveniently located and provide a variety of services.

Table 1

## SERVICES PROVIDED BY LOWNDES COUNTY BANKS

<u>Type of Service</u>	<u>Number of Banks Offering Service</u>
Trust Department Service	2
Safety deposit boxes	4
Bank by mail	5
Investment Counseling	5
Central credit plan	3 <sup>a/</sup>
Drive-in-banking	3 <sup>a/</sup>
Night depository	3 <sup>b/</sup>
Evening banking hours	3 <sup>b/</sup>
Community development planning	4

<sup>a/</sup> One is sidewalk access.

<sup>b/</sup> Several bankers indicated that upon sufficient demand, banking hours would be extended.

Lowndes County and Valdosta banks were able to expand their operations to meet the needs of a growing community, as indicated by Table 2 which presents the growth in volume of loans and deposits of the chartered commercial banks of Valdosta relative to those of the state of Georgia and the United States. Table 2 shows that the deposits of Valdosta banks have not only had a significant year by year expansion but have had a greater percentage growth than that of the state or the national average. For the five year period studied (1953-1957), the Valdosta banks had a 35 per cent growth as compared with 19 per cent growth for the state of Georgia, and 14 per cent growth for the nation as a whole.

Loans expanded at about the same rate as deposits. Not only was the volume of loan expansion encouraging but the ratio of loans to deposits indicates that a high percentage of Valdosta savings are being employed locally to meet the needs of a growing commercial, industrial, and agricultural economy. Not only was the ratio of loans to deposits higher for Valdosta than for the state of Georgia and the United States, but a recent study of the economic resources of six counties in northern Florida, two of which border Lowndes County, revealed that Valdosta banks employ a much larger proportion of their funds locally in the form of loans than do the banks of the six county area of northern Florida.<sup>1/</sup> This is significant because if banks

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<sup>1/</sup> Economic Study of Selected Rural Areas. (Miami: First Research Corporation, September 1958.)

Table 2

COMPARISON OF GROWTH OF LOANS AND DEPOSITS OF BANKS  
OF VALDOSTA WITH TOTAL FOR GEORGIA AND U. S.  
1953-1957

(000 dollars)

	<u>Valdosta</u> <sup>1/</sup>	<u>Georgia</u>	<u>United States</u>
12-31-53			
Loans	\$10,484	\$ 866,500	\$ 67,994,918
Deposits	20,467	2,109,535	177,580,415
loans to dep.	51.22%	41.08%	38.29%
12-31-54			
Loans	10,937	944,299	71,060,678
Deposits	24,226	2,198,876	185,671,316
loans to dep.	45.15%	42.94%	38.27%
12-31-55			
Loans	13,267	1,067,649	83,118,526
Deposits	25,031	2,330,554	193,204,839
loans to dep.	53.0%	45.82%	43.02%
12-31-56			
Loans	14,612	1,141,080	90,854,600
Deposits	27,046	2,434,226	198,547,224
loans to dep.	54.03%	46.87%	45.76%
12-31-57			
Loans	13,875	1,161,627	94,543,272
Deposits	27,616	2,506,764	202,483,366
loans to dep.	50.24%	46.34%	46.69%
Total Growth			
Loans	3,391	294,127	26,548,354
Deposits	7,149	397,232	24,902,951
Percentage Growth			
Loans	32.34%	33.94%	39.04%
Deposits	34.92%	18.82%	14.02%

<sup>1/</sup> Chartered Valdosta banks which include a large proportion of the total deposits and loans for Lowndes County.

Source: Annual Reports of the Federal Deposit Insurance Corporation.  
Washington, D. C., 1953-1957.

invest a large proportion of their funds in securities, the money usually moves out of the area where it was collected.

While the growth of loans and deposits has been healthy, the location of a branch in Valdosta of one of the largest banking institutions in Georgia enables customers to obtain credit in excess of the lending capacity generated by local deposits and loan limits. In view of the number of banks competing in Lowndes County, it appears that money is available in sufficient quantities and at reasonable rates.

Table 3

DISTRIBUTION OF LOANS BY VOLUME AND  
PERCENTAGE OF LOANS BY TYPE (1957)

<u>Type of Loan</u>	<u>Three State and Federally Chartered Valdosta and Lowndes County Banks <sup>a/</sup></u>	
	<u>Dollar Amount</u>	<u>Per Cent of Total</u>
Real Estate Loans	\$2,629,235.95	19.90%
Agricultural	1,062,709.61	8.05
Commercial and Industrial	3,983,187.42	30.15
Other Loans	<u>5,534,831.15</u>	<u>41.90</u>
Total	\$13,209,964.13	100.00%

<sup>a/</sup> Citizens & Southern Bank, First National Bank of Valdosta, and Citizens Bank of Hahira.

Source: Annual Reports of the three banks.

The distribution of loans among real estate, agricultural, commercial and industrial borrowers indicates that the Valdosta banks are helping service an agricultural and industrial economy. The substantial proportion of loans falling into the category "other loans" would suggest that the bankers in the area are seeking to meet the demands of the community which they serve. Many of these loans are of installment types made to individuals, businessmen and others. It may be concluded that the commercial banks of the area play a vital role not only in providing the working capital requirements of businessmen but also in meeting the needs of the consuming public for installment credit and emergency funds.

A survey of five commercial banks in Lowndes County regarding their attitude concerning intermediate and term loans indicates a sincere desire



on the part of the bankers to work with the businessmen of the community in working out their individual financial problems on the basis of realistic repayment schedules. If long term credit could not be advanced by banks or if equity capital were needed in businesses, bankers indicated that they would try to locate sources of financing for their customers.

It has already been explained that there are various regulatory authorities supervising five of the seven Lowndes County banks. These five supervised banks have in excess of 95 per cent of the deposits and assets of the Lowndes County banks. In addition to the protection offered by supervision, analysis of the financial statements of the chartered commercial banks of Valdosta and Lowndes County indicates their sound financial condition. Table 4 presents a comparison by amount and percentage for balance sheet items of the chartered commercial banks in Valdosta and Lowndes County and all the insured commercial banks in the state of Georgia and the United States.

This table indicates that the banks of Valdosta and Lowndes County are comparable in financial condition to the general position of insured commercial banks in Georgia and the United States. The ratio of the contribution of owners' funds, i.e., capital accounts, used in a bank compared with deposit accounts is one indication of the safety of deposits, since the owners' contribution provides a cushion to absorb possible losses. The percentage of capital accounts to total liabilities in 1957 was approximately 6.9 per cent for Lowndes County banks, which while slightly lower, is not significantly lower than the state average of 8.0 per cent and the United States average of 7.9 per cent. On the other hand, the banks of the Lowndes County area are in a more favorable liquid position relative to the state and U. S. averages with the ratio of cash and U. S. Government securities to total assets of approximately 52 per cent compared with 50 per cent for Georgia and 45 per cent for banks in the United States, respectively.

The presence of adequate supervision and a cursory examination of financial statements indicate sound bank management. However, the reputation of the bank managers in the community as sound financial administrators is an important criterion in evaluating the financial condition of the banks. A survey of prominent businessmen revealed the existence of utmost confidence in the bank managers of Lowndes County banks.



Table 4

AMOUNTS AND PERCENTAGES OF BALANCE SHEET ITEMS OF VALDOSTA,  
LOWNDES COUNTY, ALL INSURED GEORGIA AND U. S. BANKS  
1957

(000 dollars)

	<u>Valdosta</u>		<u>Lowndes County</u>		<u>Georgia</u>		<u>United States</u>	
	<u>Dollar</u>	<u>% of</u>	<u>Dollar</u>	<u>% of</u>	<u>Dollar</u>	<u>% of</u>	<u>Dollar</u>	<u>% of</u>
	<u>Amount</u>	<u>Total</u>	<u>Amount</u>	<u>Total</u>	<u>Amount</u>	<u>Total</u>	<u>Amount</u>	<u>Total</u>
<u>ASSETS</u>								
Cash, Exchange & due from banks	\$11,004	35%	\$11,546	35%	\$ 693,020	25%	\$ 49,539,004	19%
U. S. Gov't Sec.	5,290	17	5,877	18	686,703	25	66,066,124	25
Other Securities	1,233	4	1,332	4	180,370	7	23,051,813	9
Loans & discounts	12,683	40	13,267	40	1,161,627	42	115,759,782	45
Other Resources	<u>1,378</u>	4	<u>1,387</u>	4	<u>47,697</u>	2	<u>4,770,796</u>	2
Total Assets	\$31,588		\$33,409		\$2,769,417		\$259,187,519	
<u>LIABILITIES</u>								
Deposits	\$28,753	91%	\$30,361	91%	\$2,506,764	91%	\$234,178,092	90%
Other liabilities	688	2	719	2	39,863	1	4,473,007	2
Capital accounts	<u>2,147</u>	7	<u>2,329</u>	7	<u>222,790</u>	8	<u>20,536,420</u>	8
Total Assets	\$31,588		\$33,409		\$2,769,417		\$259,187,519	

Sources: Annual Reports of the Federal Deposit Insurance Corporation.

## Summary of Commercial Bank Facilities

The fact that the bankers of the area have demonstrated an ability to expand their resources on a sound basis according to the needs of the community is indicative of their competence and enlightened attitude toward community service and development. To do this in the light of apparent competitive conditions is to amplify that competence. Not only are the banks faced with substantial competition from other credit institutions, but there exists a healthy degree of competition among the bankers themselves.

The present banking enterprises in the Valdosta-Lowndes County area are meeting the needs of the community satisfactorily. It appears that the Valdosta-Lowndes County banks are providing adequate capital with prompt and courteous service and are being administered efficiently.

### Savings and Loan Associations

Savings and loan associations serve the function of gathering together the savings of the people of a locality and investing those savings primarily in local residential housing and some commercial real estate. An important ingredient in community development is the provision for attractive housing in a community. Savings and loan associations, as the principal financial institution in the home financing market, have a responsibility to the community to provide financing for desirable housing in order to attract new residents and industry to that area.

Conveniently located in Valdosta are two savings and loan associations. Both associations are members of the Federal Home Loan Bank system, which provides a reserve line of credit for these associations. The savings accounts of the members of both associations are insured by the Federal Savings and Loan Insurance Corporation. The insurance corporation and the Federal Home Loan Bank of Greensboro, North Carolina supervise these associations for the protection of both the saving and borrowing members.

Table 5 reveals that the year to year growth of Valdosta savings and loan associations compared with all insured Georgia associations. The growth of Valdosta savings and loan associations in every year exceeded the average growth of savings and loan associations in the state of Georgia.

Table 5

TOTAL NUMBER, TOTAL ASSETS, AND YEAR TO YEAR  
GROWTH OF VALDOSTA AND GEORGIA INSURED  
SAVINGS AND LOAN ASSOCIATIONS  
1953-1957

(000 dollars)

Year	Valdosta			Georgia		
	No. of Assns.	Total Assets	% Growth	No. of Assns.	Total Assets	% Growth
1953	1	\$ 5,179	25%	67	\$428,457	25%
1954	1	6,340	23	72	509,896	19
1955	1	7,955	26	73	600,345	18
1956	1	9,708	22	79	676,869	13
1957	2	11,131	15	83	752,415	11
Total Growth		\$ 5,961	115%		\$323,958	80%

Source: Combined Financial Statements, Federal Savings and Loan Insurance Corporation, 1953-1957; Savings and Loan Fact Book, United States Savings and Loan League, 1953-1957; and Annual Reports of Valdosta savings and loan associations.

The total growth of Valdosta savings and loan associations more than doubled during the five year period under study with an increase of 115 per cent. This can be compared with an 80 per cent growth for the five year period for all insured associations in Georgia.

Valdosta savings and loan associations offer most of the commonly offered savings and loan services such as home design and planning, save-by-mail, night depository, and flexible loan plans.

It is apparent that Valdosta savings and loan associations, as reflected by their growth, have secured the confidence of the savers of Valdosta and are in a position to extend substantial amounts of mortgage credit for new residential and commercial real estate construction and the modernization of existing structures. The extension of this credit appears to be offered in a prompt and efficient way. Supervision by the regulatory authorities plus a degree of competition between the savings and loan associations and the competing institutions and the abilities of the managing officers of

the savings and loan associations appear to offer adequate safeguards for efficient and safe financial administration.

#### Other Sources of Capital

Supplementing the financial activity of the deposit-lending institutions in Lowndes County are a number of credit-capital institutions. The area has more than its share of small loan companies, operating under the direction of the Georgia Controller General's office. There are twelve of these facilities offering direct cash installment loans of \$25 to \$250 from convenient locations to the consuming public.

Though there are no suitable statistical data available from these institutions for analysis, it is evidenced by their number that they play a significant role in the community in meeting the demands of consumers for installment and emergency funds and in a limited number of cases of businessmen for working capital funds. A survey of these institutions reveals that the resources for expanding operations to meet the needs of a growing economy would be no problem for these companies, since the majority of them are branches of chain operations drawing upon financial sources from outside the area.

Closely akin to these installment loan companies are the commercial finance companies serving the area. The principal activities of these firms center around the discounting of retail paper and floor-planning major inventory items for retail dealers. Such operations are important in facilitating the flow of goods and services within the community by providing businessmen the necessary working funds to carry on current operations.

The exact number of commercial finance companies serving the Valdosta-Lowndes County area cannot be determined, since many dealer and manufacturer outlets handle their paper through commercial finance companies outside the area. There are two such companies with offices conveniently located in Valdosta. It is of great advantage to the community that one of these is a branch of a national financial institution which makes available almost any type of commercial credit which the businessmen of the community might need. Such services range from discounting of accounts receivable, factoring, and like services to the lending of substantial sums on long-term commitments.

Not insignificant among the credit-capital type of lending institutions are the credit unions sponsored by a number of industrial concerns of the

area. These associations place at the hands of a number of working people resources of installment credit and emergency funds which they otherwise might be unable to obtain.

With respect to credit-capital resources of the Valdosta-Lowndes County area, there can be no doubt that adequate capital resources are available through the channels of these private enterprise institutions.

An apparently well-integrated financial structure of saving-lending institutions and private finance companies in the Valdosta-Lowndes County economy is supplemented and rounded out by other important financial service organizations.

The Quitman Production Credit Association maintains an office conveniently located in the downtown Valdosta area. This is a farmers cooperative association which specializes in crop and livestock production loans. Such associations have played an important role in the agricultural recovery programs of recent decades and remain a stabilizing influence among agricultural credit facilities.

Also located in Valdosta are branch offices of several life insurance companies. These companies have found marketing advantages by locating in the area. By working closely with the branch managers of these life insurance companies, investment funds could be channeled into the Valdosta area. The branch managers are familiar with the economic situation in Valdosta and know the individuals involved; therefore, they are in a position to make recommendations that could lead to investment by their companies in community development in Valdosta.

Outstanding among the list of "other capital resources" are Valdosta Industries, Inc., and Valdosta Industries No. 2, industrial development corporations sponsored by the Valdosta and Lowndes County Chamber of Commerce. The principal function of these enterprises is to develop industrial sites, finance industrial buildings, and attract new industry into the area. Their forward looking, aggressive attitude, along with the supplying of capital to business in the form of plant and facilities plays an effective role in the financial and industrial growth. This activity should be encouraged to continue and expand in an effort to develop present enterprises as well as to attract new ones. To date these enterprises have built and leased to industry buildings with 140,600 sq. ft. of floor space.

Last, but not least, to be considered among the financial resources of the area are the private sources of capital. Though there are no specific data by which to determine the availability of such funds, the amount of savings and deposits in the area, the growth of these savings over the years, and the general atmosphere of the business community indicate that there is substantial local wealth which could be called into services to support sound economic development. A great number of the local industrial concerns are either large in size or are local branches of large corporations. Such firms have the ability for self financing by command over capital resources outside the area. Furthermore, by virtue of their being domiciled in the area, they tend to attract capital investment from outside into the establishment of new industries or the expansion of present facilities. Lowndes County's financial resources are more than sufficient to meet any foreseeable need. It is difficult to imagine a financial demand that would strain Valdosta's capacity.